



# Huntsman Corporation (HUN)

Updated May 5<sup>th</sup>, 2025 by Nikolaos Sismanis

## Key Metrics

<b>Current Price:</b>	\$11.78	<b>5 Year CAGR Estimate:</b>	11.7%	<b>Market Cap:</b>	\$2.1 B
<b>Fair Value Price:</b>	\$12.00	<b>5 Year Growth Estimate:</b>	5.0%	<b>Ex-Dividend Date:</b>	06/13/2025
<b>% Fair Value:</b>	98%	<b>5 Year Valuation Multiple Estimate:</b>	0.4%	<b>Dividend Payment Date:</b>	06/30/2025
<b>Dividend Yield:</b>	8.5%	<b>5 Year Price Target</b>	\$15.32	<b>Years Of Dividend Growth:</b>	4
<b>Dividend Risk Score:</b>	F	<b>Sector:</b>	Basic Materials	<b>Rating</b>	Hold

## Overview & Current Events

Huntsman Corporation manufactures and sells differentiated organic chemical products worldwide. It operates in four segments: Polyurethanes, Performance Products, Advanced Materials, and Textile Effects. The company's products are utilized in various industries, in manufacturing anywhere from aerospace, automotive, and construction products, to packaging, coatings, and power generation. Huntsman Corp. generated \$6.0 billion in sales last year and is based in The Woodlands, Texas.

On May 1<sup>st</sup>, 2025, Huntsman released its Q1 results for the period ending March 31<sup>st</sup>, 2025. For the quarter, revenues declined 4.1% year-over-year to \$1.41 billion.

Specifically, Polyurethanes saw a revenue decline of 2%, as lower average selling prices driven by unfavorable mix were partially offset by higher sales volumes due to improved demand and share gains in certain markets. Performance Products revenues declined by 12%, primarily due to lower sales volumes from unplanned outages and weak customer demand, particularly in Europe. Advanced Materials revenues declined by 5%, as lower average selling prices driven by unfavorable mix and currency effects offset relatively stable sales volumes. Despite lower revenues overall, margins remained under pressure.

As a result, the company reported an adjusted net loss of \$19 million compared to an adjusted net loss of \$11 million in the prior-year quarter. On a per-share basis, this translates to an adjusted loss of \$0.11 versus an adjusted loss of \$0.06 last year, with the share count remaining flat. We believe the company has an earnings power of about \$1.00 per share, which we have used in our calculations. That said, this result is likely to be notably lower in FY2025, possibly closer to a loss of \$0.39.

## Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
<b>EPS</b>	\$0.38	\$1.38	\$2.67	\$1.42	\$2.46	\$4.69	\$4.77	\$2.29	\$0.57	(\$1.10)	<b>(\$0.39)</b>	<b>\$1.28</b>
<b>DPS</b>	\$0.50	\$0.50	\$0.50	\$0.65	\$0.65	\$0.65	\$0.73	\$0.85	\$0.95	\$1.00	<b>\$1.00</b>	<b>\$1.05</b>
<b>Shares<sup>1</sup></b>	243	236	238	238	229	221	219	201	177	172	<b>172</b>	<b>160</b>

Huntsman Corporation's business model is very cyclical, with its financials highly sensitive to various macroeconomic factors. Changes in the price of raw materials, currency fluctuations (impacting imports/exports), and spending in the industrial sector, which dictates demand for the company's products, and is in itself cyclical, can all affect the total sales. Due to a mix of these issues, Huntsman has seen declining revenue over the past few years, falling from \$11.58 billion in 2014 to \$6.2 billion last year. However, Huntsman's acquisitions have been unlocking synergies over the past decade, resulting in higher gross margins during this time, which has somewhat offset the declining sales.

While EPS has been volatile and is expected to continue to be so, we forecast growth of 5% from our earnings power base of \$1.00 in the medium-term, powered by the company's cost-cutting initiatives, acquisitions, rebounding sales growth trend, and share buybacks. Since initiating its first dividend in 2008, the company has increased it six times in

<sup>1</sup> Share count is in millions.

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total, usually when business performance makes Huntsman more comfortable with covering a higher amount. Still, we have set our dividend growth estimate at just 1% over the medium-term, as we are uncertain about Huntsman's ability to raise its dividend given its recent profitability issues. Investors should not expect annual DPS hikes (which could occur every few years, as has been the case historically).

## Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	50.0	9.7	8.2	20.4	9.2	5.1	6.5	13.1	46.0	---	11.8	12.0
Avg. Yld.	2.6%	3.7%	2.3%	2.2%	2.9%	2.7%	2.3%	2.8%	3.6%	4.2%	8.5%	6.9%

Under normal circumstances, the company's P/E hovers in the high single-digits to low double-digits, due to Huntsman's volatile business model. We believe that the current multiple of about 11.8 our earnings power estimate is conservative, but suitable for the stock given its lackluster bottom-line performance lately. Also, the stock has historically featured a yield in the range of 2% to 3%. We expect it to hover at much higher levels in the coming years as investors demand a higher tangible return in the current environment. Regardless, today's yield suggests the market expects a dividend cut.

## Safety, Quality, Competitive Advantage, & Recession Resiliency

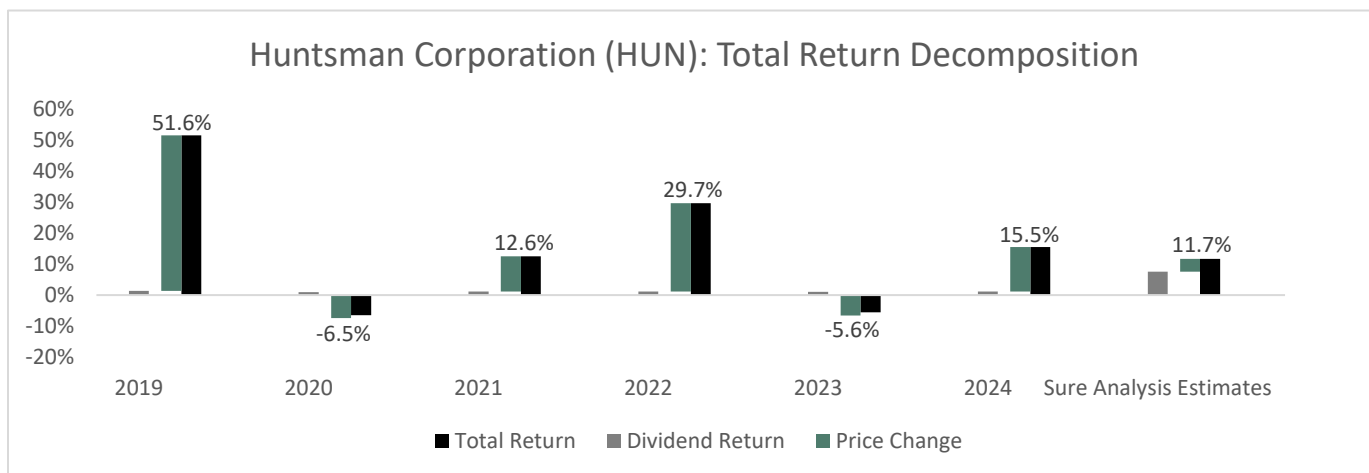
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	132%	36%	19%	46%	26%	14%	15%	37%	167%	---	100%	82%

Huntsman has increased its payouts prudently and accordingly to its future earnings expectations. The current payout ratio remains healthy despite a declining in earnings too. We consider the dividend safe, despite Huntsman's volatile performance. Amongst the company's greatest qualities is its ability to maximize the value of its acquisitions resulting in expanding margins. However, on top of the industry's cyclical performance, the company is subject to numerous risks, including severe competition. Global giants such as BASF, Delamine, Dow, and Evonik, are constantly competing for increased market share in what is a low-margin business model. Overall, due to reduced spending in industrial activities during one, a potential recession could materially affect the company's financials and future profitability.

## Final Thoughts & Recommendation

Lower sales volumes across all segments and growing expenses driven by elevated inflation levels have hurt Huntsman's performance lately. That said, we believe the company's earnings will resume growth. We forecast annualized returns of 11.7% through 2030, mainly driven by our earnings growth estimate of 5% and the 8.4% yield. Shares earn a highly speculative hold rating. Investors should expect volatility in the share price.

## Total Return Breakdown by Year



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## Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	8,139	7,518	6,845	7,604	6,797	6,018	8,453	8,023	6,111	6,036
Gross Profit	1,734	1,518	1,651	1,764	1,382	1,100	1,775	1,546	906	866
Gross Margin	21.3%	20.2%	24.1%	23.2%	20.3%	18.3%	21.0%	19.3%	14.8%	14.3%
SG&A Exp.	791	772	759	789	786	775	851	711	689	671
D&A Exp.	298	318	236	255	270	283	296	281	278	289
Operating Profit	800	710	776	822	428	235	807	758	102	73
Operating Margin	9.8%	9.4%	11.3%	10.8%	6.3%	3.9%	9.5%	9.4%	1.7%	1.2%
Net Profit	93	326	636	337	562	1,034	1,045	460	101	(189)
Net Margin	1.1%	4.3%	9.3%	4.4%	8.3%	17.2%	12.4%	5.7%	1.7%	(3.1%)
Free Cash Flow	114	770	985	956	623	4	610	642	(21)	79
Income Tax	60	109	20	45	(38)	46	209	186	64	61

## Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	9,820	9,189	10,244	7,953	8,320	8,713	9,392	8,220	7,248	7,114
Cash & Equivalents	257	385	470	340	525	1,593	1,041	654	540	340
Accounts Receivable	1,449	1,183	1,283	1,183	953	910	1,186	834	753	725
Inventories	1,692	918	1,073	1,000	914	848	1,201	995	867	917
Goodwill & Int. Ass.	202	164	196	488	473	986	1,119	1,066	1,031	977
Total Liabilities	8,191	7,722	6,873	5,204	5,496	5,040	4,833	4,380	3,770	3,951
Accounts Payable	1,061	790	964	793	822	876	1,208	961	719	770
Long-Term Debt	4,796	4,173	2,298	2,320	2,389	2,121	1,550	1,737	1,688	1,835
Shareholder's Equity	1,442	1,287	2,620	2,520	2,687	3,519	4,378	3,624	3,251	2,959
LTD/E Ratio	3.33	3.24	0.88	0.92	0.89	0.60	0.35	0.48	0.52	0.62

## Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	0.9%	3.4%	6.5%	3.7%	6.9%	12.1%	11.5%	5.2%	1.3%	(2.6%)
Return on Equity	5.8%	23.9%	32.6%	13.1%	21.6%	33.3%	26.5%	11.5%	2.8%	(5.7%)
ROIC	1.4%	5.4%	11.2%	6.3%	10.9%	18.8%	17.6%	7.9%	1.9%	(3.7%)
Shares Out.	242.8	236.3	238.4	238.1	228.9	220.6	221	203	177	172
Revenue/Share	33.17	31.38	28.06	31.47	29.48	27.12	38.18	39.52	34.45	35.07
FCF/Share	0.46	3.21	4.04	3.96	2.70	0.02	2.78	3.16	(0.12)	0.46

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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